

sec news digest

Issue 88-246

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U.S. SECURITIES AND
EXCHANGE COMMISSION

December 23, 1988

COMMISSION ANNOUNCEMENTS

FRIEND-OF-THE-COURT BRIEF FILED

The Commission filed a friend-of-the-court brief in Roney & Co. v. Goren, a case pending before the U.S. Court of Appeals for the Sixth Circuit in Cincinnati. The appellant, a customer of a Michigan brokerage firm, filed arbitration claims with the NASD against two NASD member firms and their employees. The Michigan firm filed a petition to compel arbitration in the federal district court. The district court ordered the customer to arbitrate her claims against the firm and its employee before the NYSE rather than the NASD because of a contractual forum-selection clause. The issue addressed in the brief is whether a brokerage firm belonging to more than one self-regulatory organization (SRO) may enforce an arbitration clause restricting arbitration of disputes to only one SRO arbitration forum in derogation of Commission-approved SRO arbitration rules allowing the customer to choose the most appropriate available SRO forum. The brief argues that the NASD rule, in conjunction with virtually identical provisions in the other SROs' arbitration rules, allows the customer to choose the most convenient or appropriate SRO to arbitrate his or her particular claim regardless of contrary contractual provisions. The brief argues that these SRO rules, and not conflicting contract provisions, should be enforced. (Press Release 88-118)

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COMMISSION WILL BE CLOSED DECEMBER 26 AND JANUARY 2, 1989

The Commission will be closed on Monday, December 26 and on Monday, January 2, 1989 in observance of Christmas and New Year's Day. Publication of the Digest will resume on Tuesday, December 27 and on Tuesday, January 3, 1989.

ADMINISTRATIVE PROCEEDINGS

STOP ORDER ENTERED AGAINST CENTRAC ASSOCIATES, INC. REGISTRATION

The Commission issued Findings and Stop Order under Section 8(d) of the Securities Act of 1933, as amended, suspending the effectiveness of the registration statement of Centrac Associates, Inc. Without admitting or denying any allegations, Centrac made an Offer of Settlement, consenting to the Findings and Stop Order.

The Commission initiated the proceeding because of alleged untrue statements and material omissions made in the registration statement concerning, among other things, Centrac's "parking" of stock with its lead underwriter; the use of proceeds derived from the offering; failure of the underwriter to perform and complete the offering under a firm commitment underwriting; and failure of the underwriter to remit all of the proceeds of the underwriting to the issuer. (Rel. 33-6809)

ROBERT J. CHECK SUSPENDED

The Commission suspended Robert J. Check, of Avon, Connecticut, from association with any broker or dealer for 30 days, effective January 3, 1989. Check was formerly mutual funds manager for Advest, Inc., a brokerage firm headquartered in Hartford.

The Commission found that, from January 1983 to May 1986, Check failed to exercise proper supervision over Advest's salesmen with a view to preventing their failure to apprise mutual fund customers of the sales commission discounts to which the customers were entitled. A 1986 investigation by Advest disclosed that more than 1,750 customers had not received proper discounts and were entitled to refunds totaling more than \$600,000.

In imposing the 30-day suspension, the Commission stated that it "should be sufficient to impress upon Check that, in future supervisory duties in the securities industry, his primary obligation must be the protection of public investors." (Rel. 34-26347)

CRIMINAL PROCEEDINGS

MICHAEL R. BRYANT SENTENCED

The U.S. Attorney for the Northern District of Georgia and the Atlanta Regional Office announced that on December 16 U.S. District Court Judge Richard C. Freeman sentenced Michael R. Bryant of Roswell, Georgia to five years probation and ordered him to make restitution of \$149,002 for failing to make and keep, in connection with the business of Investment Management Associates, a registered investment adviser owned and controlled by Bryant, certain records as prescribed by the books and records provisions of the Investment Advisers Act of 1940, namely, securities purchase and sale journals, cash receipts and disbursement records, general and auxiliary ledgers, trial balances, financial statements, and internal audit work papers, said records being required as necessary and appropriate in the public interest and for the protection of investors. Bryant previously pled guilty on November 4 to a criminal information charging one count of violations of the recordkeeping provisions of the Investment Advisers Act. (U.S. v. Michael R. Bryant, Criminal Information No. CR-88-501A, USDC NDGA). (LR-11947)

INVESTMENT COMPANY ACT RELEASES

BULLOCK MONTHLY INCOME SHARES, INC.; BULLOCK U.S. GOVERNMENT INCOME SHARES, INC.; BULLOCK AGGRESSIVE GROWTH SHARES, INC.; BULLOCK HIGH INCOME SHARES, INC.; AND THE GUARDIAN GENERATION SERIES TRUST

Orders have been issued declaring that Bullock Monthly Income Shares, Inc.; Bullock U.S. Government Income Shares, Inc.; Bullock Aggressive Growth Shares, Inc.; Bullock High Income Shares, Inc.; and The Guardian Generation Series Trust have ceased to be investment companies. (Rel. IC-16700; IC-16701; IC-16702; IC-16703; IC-16704 - Dec. 20)

HOLDING COMPANY ACT RELEASES

NATIONAL FUEL GAS COMPANY

A supplemental order has been issued authorizing a proposal by National Fuel Gas Company, a registered holding company, and its subsidiary, Seneca Resources Corporation. Seneca has been authorized, through December 27, 1989, on behalf of a joint venture it entered into with Cashco Oil Company, a non-affiliate company, to: (1) develop oil and gas leases; (2) renew certain bank lines of credit and issue thereunder short-term notes in an aggregate principal amount of up to \$16 million; and (3) to guarantee the repayment of all amounts so borrowed. In addition, National has been authorized to guarantee Seneca's obligations to banks and repayment of all amounts borrowed by the Joint Venture under these lines of credit. In no event will the aggregate principal amount of such short-term borrowings exceed \$16 million. (Rel. 35-24783 - Dec. 20)

GEORGIA POWER COMPANY

An order has been issued authorizing Georgia Power Company, subsidiary of The Southern Company, to purchase, under a proposed Letter Agreement with Plant Telephone and Power Company, the distribution system serving the City of Warwick, Georgia for a purchase price of \$107,892.50. In addition, Georgia Power has been authorized to sell to J.C. Penney Company, Inc. the distribution facilities out of the JC Penney substation serving the JC Penney Catalog Distribution Center located in Forest Park, Georgia, for an aggregate price of \$1,224,044.57. (Rel. 35-24784 - Dec. 20)

SELF-REGULATORY ORGANIZATIONS

NOTICE OF PROPOSED RULE CHANGES

A proposed rule change has been filed under Rule 19b-4 by: The National Association of Securities Dealers (SR-NASD-88-47) and an amendment thereto that would amend Article III, Section 24 of its Rules of Fair Practice and the Interpretation adopted thereunder. The proposal would incorporate into the definition of "bona fide research" the revised Commission standard announced in Release 34-23170 (April 30, 1986) to the extent such research is provided by members and that it is determined in good faith that the research will afford money managers with lawful and appropriate assistance in the performance of their investment decision-making responsibilities. (Rel. 34-26375); and The Pacific Stock Exchange (SR-PSE-88-26) that will clarify the authority of its examinations department to require compliance with those PSE members for whom the PSE is the designated examining authority. (Rel. 34-26379)

Publication of the proposals are expected to be made in the Federal Register during the week of December 19.

APPROVAL OF PROPOSED RULE CHANGES

The Commission approved a proposed rule change filed by: The National Securities Clearing Corporation (SR-NSCC-88-8) that augments its Fund/Serv with a service known as NETWORKING which centralizes and standardizes data communication systems for the exchange of customer account level activity information between broker-dealers and mutual fund processors. (Rel. 34-26376); and (SR-NSCC-88-17 and 88-4) that authorizes and establishes a new category of membership, Fund/Serv only broker-dealers, and financial and operational guidelines for such members. The proposals also revise NSCC's rules concerning Fund/Serv clearing fund contributions and the use of such funds to satisfy member defaults or other Fund/Serv losses. (Rel. 34-26377); and The National Association of Securities Dealers (SR-NASD-88-49) to permit small market makers to be granted an excused withdrawal of quotations from the NASDAQ system for vacations. (Rel. 34-26378)

EXTENSION OF COMMENT PERIOD

The Commission extended the comment period to January 31, 1989 on the application of the Clearing Corporation for Options and Securities for registration as a clearing agency. (Rel. 34-26380)

SECURITIES ACT REGISTRATIONS

The following registration statements have been filed with the SEC under the Securities Act of 1933. The reported information appears as follows: Form, Name, Address and Phone Number (if available) of the issuer of the security; Title and the number and/or face amount of the securities being offered; Name of the managing underwriter or depositor (if applicable); File number and date filed; Assigned Branch; and a designation if the statement is a New Issue.

- S-6 SEARS TAX EXEMPT INVESTMENT TRUST INSURED FLORIDA SER 3, TWC WORLD TRADE CNTR, C/O DEAN WITTER REYNOLDS INC, NEW YORK, NY 10048 - 4,400 (\$4,620,000) UNIT INVESTMENT TRUST. (FILE 33-26068 - DEC. 16) (BR. 22 - NEW ISSUE)
- S-6 SEARS TAX EXEMPT INVT TR CA MUN PORT INTERM LONG TERM SER 25, TWO WORLD TRADE CNTR, C/O DEAN WITTER REYNOLDS INC, NEW YORK, NY 10048 - 5,500 (\$5,775,000) UNIT INVESTMENT TRUST. (FILE 33-26069 - DEC. 16) (BR. 22 - NEW ISSUE)
- S-6 SEARS TAX EXEMPT INVESTMENT TRUST INSURED NEW JERSEY SER 3, TWO WORLD TRADE CNTR, C/O DEAN WITTER REYNOLDS INC, NEW YORK, NY 10048 - 4,400 (\$4,620,000) UNIT INVESTMENT TRUST. (FILE 33-26070 - DEC. 16) (BR. 22 - NEW ISSUE)
- S-3 ANHEUSER BUSCH COMPANIES INC, ONE BUSCH PL, C/O OFFICE OF THE VP & SEC'Y, ST LOUIS, MO 63118 (314) 577-3314 - 200,000,000 (\$200,000,000) STRAIGHT BONDS. (FILE 33-26071 - DEC. 16) (BR. 13)

REGISTRATIONS EFFECTIVE

Nov. 2: Logic Devices, Inc., 33-23763-LA (corrected order).
Nov. 7: American Video Clearing House, Inc., 33-23272-LA; Americus Funding Corporation, 33-23459-LA.
Nov. 9: Trump Taj Mahal, Inc./Trump Taj Mahal Associates Limited Partnership, 33-22647 (corrected order).
Nov. 14: Pacific Coast Ventures, Inc., 33-23779-LA.
Nov. 15: Bora Capital, Inc., 33-24410-LA; Opportunity Capital Inc., 33-24266-LA.
Nov. 18: Tubos De Acero De Mexico, S.A., 33-25034.
Nov. 25: Entertainment Publishing Corp., 33-25761; Hal, Inc., 33-24460; Strong Advantage Fund, Inc., 33-24451.
Nov. 28: Cigna Incmoe Realty II Limited Partnership, 33-24564; Dillard Investment Co., Inc., 33-25113; Drug Guild Distributors, Inc., 33-23140; Eurotech Resources, Inc., 33-24938-NY; Fleming Companies, Inc., 33-25380; General Electric Capital Corporation, 33-25614; National City Bancshares, Inc., 33-25439; P-B Secured Financing Corporation, 33-24717; Prospect Street High Income Portfolio Inc., 33-21949.
Nov. 29: Concord Enterprises, Inc., 33-17598-NY; Harris Corporation, 33-25526; Kingdom of Spain, 33-25714; Mauna Corporation, 33-24947-LA; The Pep Boys-Manny, Moe & Jack, 33-25452; Salomon Brothers Mortgage Securities VII, Inc., 33-24676.
Nov. 30: Dahlonga Bancorp, Inc., 33-24511; First Franklin Financial Corp., 33-25180; General Cellular Corporation, 33-20781; Government Backed Trust T-1, 33-25109; Government Backed Trust T-2, T-3, 33-25594; Ketema, Inc., 33-23959; The Lachman Company, Inc., 33-22534; Lexington Capital Corporation, 33-22426-D; Vestex, Inc., 33-23473-NY.